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Editors

P. Vidhya
T. Kumar
A. Saravana Kumar
N. Manimegalai
N. Priyadharshini



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COLLEGE WITH POTENTIAL FOR EXCELLENCE (UGC) STAR COLLEGE (DBT)
COIMBATORE - 641 029, TAMIL NADU, INDIA

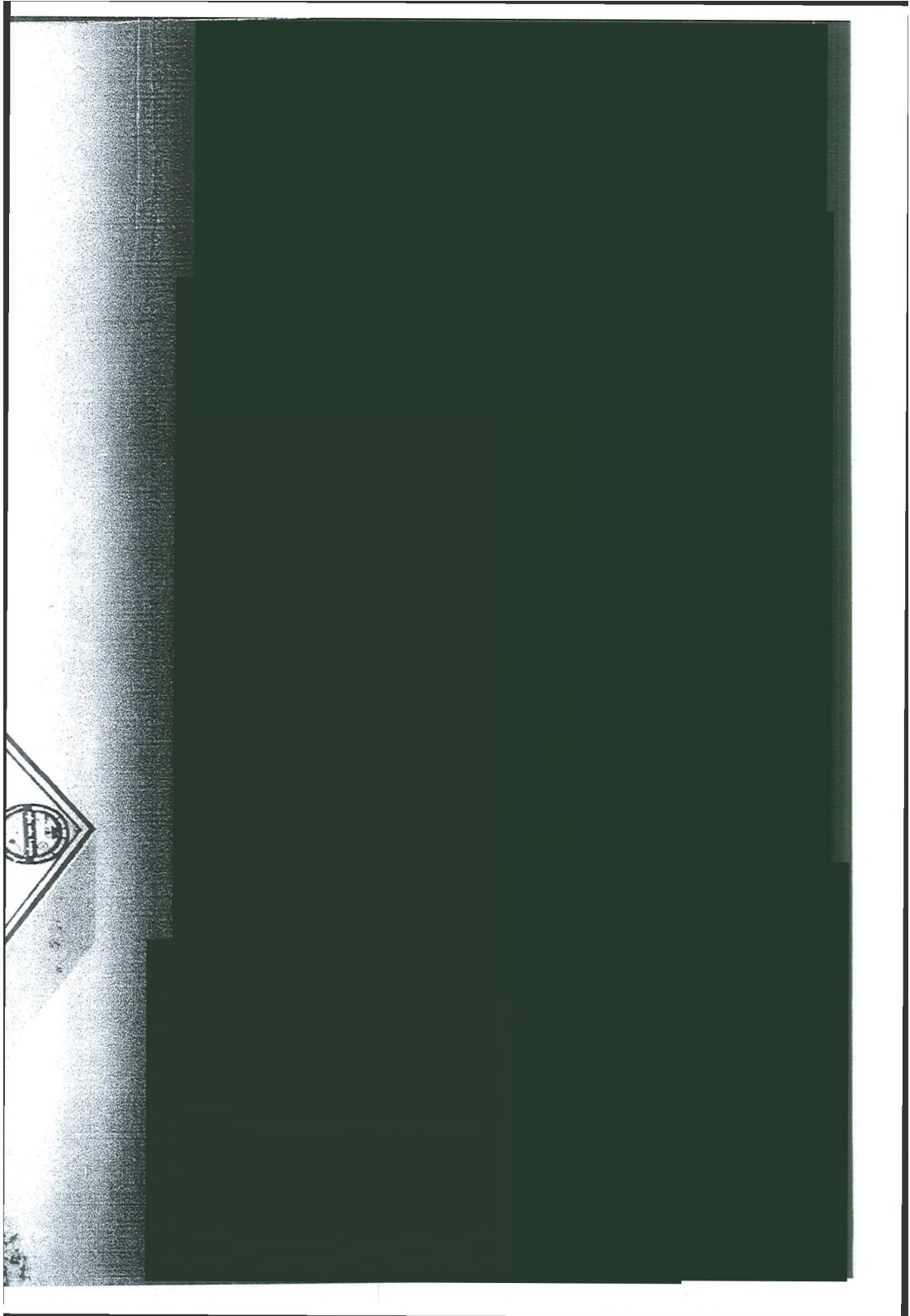
E-Mail : info@kongunaducollege.ac.in

Website : www.kongunaducollege.ac.in



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IMPACT OF GLOBALISATION ON INNOVATION AND ENTREPRENEURSHIP

Mrs. R. Ponmani

Associate Professor, Avinashilingam Institute for Home Science and Higher Education for
Women University, Coimbatore.

Dr. R. Annapoorani

Professor, Avinashilingam Institute for Home Science and Higher Education for Women University
Coimbatore.

Introduction

Entrepreneurship is considered to be an important mechanism for economic development through innovation, employment and welfare. According to the National Commission on Entrepreneurship, Private enterprise is the backbone to the economic system and responsible for much of today's economic prosperity. Entrepreneurship requires a sense of creativity and dedication to a particular idea and has countless risks for each reward. It is an extremely broad and complex term that is used to analyze a particular mindset for those who venture into new realms of business. Entrepreneurs are usually creative and hardworking individuals not satisfied with the status quo looking to make their mark with a distinct and unique product or service. Economist Joseph Schumpeter stated, The entrepreneur is not a fixed state of existence; rather entrepreneurship is a role that individuals undertake to create organizations.

The Global Entrepreneurship Monitor (GEM) has developed a more concise theory on the classification of economic development in order to better measure the effects of entrepreneurial activity. In the World Economic Forum's Global Competitiveness Report, countries are classified into three groups: factor-driven economies, efficiency-driven economies, and innovation-driven economies. A factor-driven economy is one that is primarily comprised of agricultural influenced commerce and where most sole proprietorships are small manufacturing companies. According to Zoltán Ács and László Szerb, innovation accounts for only about 5% of economic activity in factor-driven economies (GEIndex).

The efficiency-driven economy is much more reliant on manufacturing as a direct consequence of an increase in education. In fact, innovation accounts for 10% of economic activity in efficiency-driven economies (GEIndex).

Innovation-driven economies are those that have matured greatly and are able to capitalize on education and innovation to stimulate economic growth. During this stage of growth citizens actually take over enterprise and are a valuable asset to a nation's financial system. During this stage of development knowledge and wisdom are paramount to the success of business ventures. Here entrepreneurial activities truly flourish and are vital to the long-term sustainability of the nation's economy. In the last stage of development efficiency and innovation account for 30% of economic activity (GEIndex). Innovation-driven economies are: Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Israel, Italy, Japan, Republic of Korea, Netherlands, Norway, Slovenia, Spain, Switzerland, United Kingdom, United Arab Emirates, and the United States.

Globalization since 1991 has brought about a new wave of business. It has created more opportunities and also challenges for the entrepreneurs. In this context a research study on **Impact of globalization on innovation and entrepreneurship** was formulated with the following objectives:

- A. To analyse the impact of globalization on entrepreneurship.
- B. To recommend measures to promote innovations and entrepreneurship.

Globalization has completely changed the way in which people communicate and conduct business. It is common for small-businesses to be impacted by globalization because of the ability of corporate giants to acquire cheaper goods and labor. According to the National Commission of Entrepreneurship, entrepreneur's see opportunity in ever-accelerating global change, discover or create an innovation to exploit opportunity, build and grow companies to bring their innovation to market, and take calculated and significant risks in building their companies (Whitepaper 2). One key aspect that entrepreneurial activity has on economic development is job creation. The Kauffman Foundation has indicated in a recent United States study that analyzed new venture start ups from a historical perspective that jobs created by startups follow a U shaped curve – generating jobs immediately in their first year, having a negative impact on jobs in years three to five, followed by a more durable positive impact on job creation (Stangler 14).

Globalization has and will continue to rapidly create change and new opportunities to the way we communicate and conduct business; entrepreneurs must embrace globalization in order to effectively identify opportunities for success. People from all over the world are now able to communicate ideas and visions of new ventures that once were limited to indigenous business owners. Seizing opportunity and competing internationally is critical to entrepreneurial activity. The second aspect to entrepreneurial activities is to take advantage of opportunities. Having a keen vision for opportunity is vital but initiation is easier said than done. After an opportunity is established, development of a plan of action should be executed. The next aspect of entrepreneurial activity is to establish a venture that is built for success. Entrepreneurs often assume a large amount of risk in order to execute a new venture.

In the realm of entrepreneurship, small start up ventures is key incubators that grow innovation to new levels. Innovation and new ideas are a direct by product of entrepreneurship that impacts growth on an extreme global scale. The constant notion that entrepreneurs have the ability to revolutionize markets with original inventions or create better methods is the foundation to business and global economic development. With elements of globalization increasing each day due to advances in technology and communications, entrepreneurial activities will constantly remain at the forefront of international business and economic policy.

Innovations are not limited to new technologies. They can include price strategies, risk management, new distribution channels, or mass distribution methods (Whitepaper 2). Initiation of a new venture is extremely intricate and requires considerable amounts of capital, resources, and the ability to effectively manage a business entity. This stage of activity is where entrepreneurs truly stand out as exceptional business leaders.

Measures to Promote Innovations and Entrepreneurship

- a. Development of a multifaceted business plan requires specific skills attributed only to knowledgeable and experienced entrepreneurs.
- b. Growth of a new venture requires determination and the ability to adjust to change. We need to create structures and incentives that encourage managers to get out of the way of new ideas.
- c. We have to create a path that rewards innovation and input from all levels,

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